Statement of

Ms. Joy Philippi
Pork Producer, Bruning, Nebraska
National Pork Producers Council
Before the
U.S. House of Representatives
Committee on Agriculture
Field Hearing on
National Animal Identification
Houston, Texas
March 5, 2004

Good Morning, Mr. Chairman, Mr. Ranking Member, and Members of the Committee:

I am Joy Philippi, a pork producer from Brunning, Nebraska. I also currently serve on the National Pork Producers Council Board of Directors. I own and operate a 2,000 head nursery, which handles approximately 14,000 head of weaned to feeder age pigs per year for our local producer network.

I would like to thank the Chairman for scheduling this field hearing on such an important issue. In recent months it has become clear that the issue of a U.S. national animal identification system has become of increasingly more importance to animal health officials, livestock producers and consumers. The issue of developing and implementing a national animal identification or national animal ID system is indeed far more complicated than simply identifying animals at birth. The National Pork Producers Council appreciates the opportunity to further examine the issue of a national animal identification as the U.S. Department of Agriculture and Congress moves forward on developing a national system and considers the consequences for U.S. pork producers.

We consider a mandatory national animal identification system part of protecting the nation's critical infrastructure—food and agriculture—in the case of animal disease outbreak or intentional or unintentional introduction of a pathogen or toxin. We believe that most Americans now understand how important animal health is to protecting the food security and safety in this country and is willing to support the development of an affordable, accurate and sustainable mandatory national animal identification system.

We believe that such a national animal identification system should reflect the following principles:

- a single, mandatory national program with uniform foundation standards;
- a practical and effective tool for improved animal health management, including surveillance, assessment, and response to the intentional or unintentionally introduction of foreign pathogens or toxins;
- an ultimate goal of a 48-hour traceback system capable of identifying premises that had direct contact with a diseased animal;
- the inclusion of all livestock species, as defined in the 2002 Farm Bill;
- part of a national critical infrastructure plan to protect the food and agriculture sector;
- a credible system to meet the demands of our international trading partners in a post-BSE world, this should include harmonization across North America, and finally;
- a system that must not place U.S. pork producers at great financial peril due to onerous additional requirements and costs.

This morning, Mr. Chairman and Members of the Committee, I would like to explain what the U.S. pork industry has been doing since 1988 regarding swine identification and where we see opportunities for our pork producers to improve their current market swine identification system and fold it into a mandatory national animal identification system. Finally, I would like to leave the Committee with an idea of where the pork industry sees pitfalls and concerns about the development of such a mandatory national animal identification system.

What is at stake here? In today's pork industry there are an estimated 75,000 (according to National Animal Health Monitoring Surveillance Data) pork producers in the U.S. These producers send 100,000,000 hogs to market each year. Total farm-gate receipts for hogs in 2002 were $9.6 billion. 2003 total receipts are expected to exceed $11 billion when final data are available in April. In 2003, the retail value of the pork sold to consumers was $40 billion. On the export side, approximately eight percent of U.S. pork production is exported. This percentage has been steadily growing for the past 12 years. Finally, the pork industry is responsible for over $83.6 billion in total domestic economic activity and $32.5 billion in gross national product, and supports nearly 566,000 jobs in the U.S., alone.

Many species have at one time or another had animal identification programs. Almost all of the national identification requirements implemented in recent years are tied to disease eradication programs. Good examples in the pork industry are Classical Swine Fever (the US was declared free in 1979), and more recently Pseudorabies (currently there are no positive herds in the United States). As you

can see, the pork industry is quite familiar with identifying animals because of its desire to detect, monitor and eliminate diseases for years.

In these disease control programs pigs are identified when they are tested or vaccinated. Often testing (or screening) is performed as part of preparing the pigs(s) for sale, to move across state lines, or for area/regional surveillance purposes. Premises identification is an important component of the ID system. To effectively manage disease, animal health officials need to know the location of the pig(s) and if other animals were at that same location. Without premises identification, animal identification, and records, the ability to trace back and trace forward would be impossible.

There is a catch-22 when animal identification systems are developed around disease eradication programs. Obviously, as the eradication program succeeds, more and more states or regions become disease-free. The requirement to test (or possibly vaccinate) in these "free" areas becomes unnecessary and is eliminated. Unfortunately, the impetus for identification is therefore removed as well. The irony is that successful Industry/State/and the U.S. Department of Agriculture (USDA) eradication programs result in less animal identification and reduces our ability to manage health in the future.

The pork industry has understood this for a long time. In 1988, the pork industry requested that USDA publish a rule on the mandatory identification of swine to improve their product and to enhance food safety. This rule has been codified as 9 CFR 71.19. In 2000, the rule was amended to include group/lot identification for feeder swine movements across state lines within a production system. So today, in relation to interstate commerce the pork industry has (1) individual ID for all replacement breeding swine; (2) individual ID for all breeding swine at commingling and/or slaughter; (3) identification of feeder swine; (4) market swine identified back to their owner at Federally inspected plants; and (5) feeder swine movements across state lines within a production system based on written health plans and production records. In addition there are various intrastate rule requirements as the Pseudorabies or PRV eradication program comes to completion.

Identification, under this rule is achieved in a number of ways: using USDA official eartags; USDA official backtags for swine moving to slaughter; official swine tattoos; tattoos on the ear or flank recorded by a swine registry association; ear notching when recorded in a pure-bred registry; an eartag or tattoo bearing the premises identification for slaughter or feeder swine. The interstate movement of feeder pig rule requires each and every premise where a pig has been must retain transaction records for a period of three years.

The system works relatively well. Originally, however, the 1988 rule failed, USDA had to focus on education rather than enforcement. Initially there were serious problems when the 1988 rule was first implemented. The rule, contrary to producer input, attempted to move the actual application of the identification to the farm. Producers, wanting to comply and do the right thing, started applying slap tattoos to market hogs. Packers, not knowing the hogs had already been identified, applied their own tattoos over the top of the existing numbers, rendering both unreadable. In addition, producers had much less experience and training in applying tattoos, which resulted in a dramatic decline in readability. Finally, a packing plant had hogs delivered that had been tattooed with unapproved ink, which shut down the plant. To resolve the issue, USDA announced they would focus on education instead of enforcement while they rewrote the rule. Once the rule was changed and met industry needs, it became very effective.

There are several areas in which we see that there is room for improvement. First, the backtag system currently being used to identify cull breeding swine has a low tag retention rate—about 15-20 percent. This retention rate is low because the identification system does not meet the species-specific needs regarding the handling of these animas on the way to market. We would like to see this system enhanced. If a national premises identification system were implemented we could apply premises identification tags to our breeding animals thereby identifying the source farm. Second, the identification of market hogs back to their last premises, instead of their owner's mailbox, will result in a more rapid and accurate traceback to the suspect premises. This improved accuracy could facilitate further traceback to origin premises because today, generally, hogs move in lots—recordkeeping in our industry is by and large based on lot or group movement.

I have addressed the regulatory path that the pork industry has taken. I want to briefly touch on how the pork industry's policy position has evolved over time. In 1995, the National Pork Producers Council passed its first resolution on animal identification; it included a statement endorsing voluntary electronic identification for pigs. Early on, the industry was focused on tying animal identification to premises and the use of developing national standards. Every year or so since that date, the NPPC delegates have passed increasingly more specific resolutions moving the industry slowly towards today's position—In 1998 producers agreed to the concept of a National Premises ID system. In 1999/2000 producers agreed that improved sow and boar identification was needed and the National Pork Producers Council's Board of Directors approved the concept of National Premises Identification system. Today, as we speak the U.S pork industry is holding its annual meeting in Atlanta, GA. We expect to have at least one resolution passed supporting a national mandatory animal identification system—

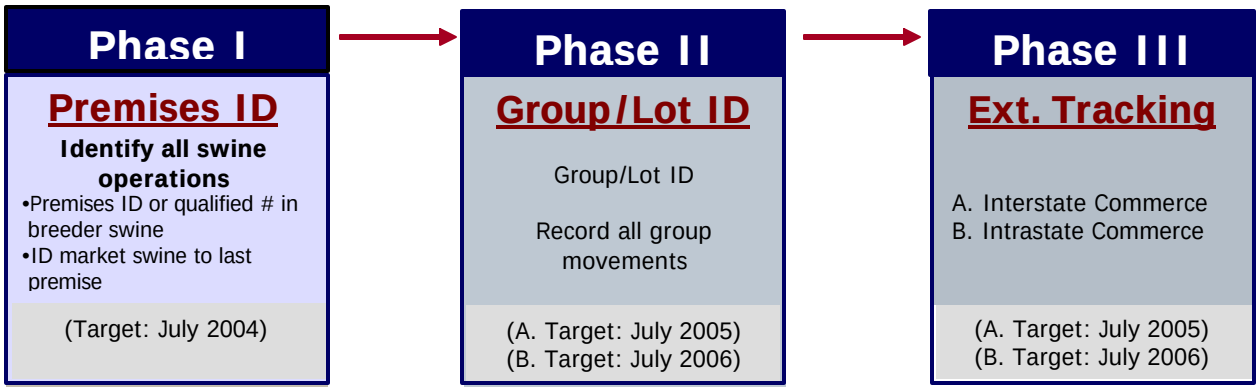
and more specifically, expressing support for the government-industry developed U.S. Animal Identification Plan.

The development of a U.S. Animal Identification Plan began, in earnest, in April 2002, when the National Institute for Animal Agriculture coordinated the development of a National Identification Task Force. This original Task Force consisted of over 30 livestock organizations. As the process unfolded—additional stakeholders were added. By the time a Draft USAIP was presented at the U.S. Animal Health Association meetings a year later over 109 stakeholders—representing over 70 industry organizations--had input into today's USAIP.

Let's be clear on what the USAIP is and is not. It simply defines the standards and framework for implementing and maintaining a national animal identification system for all of U.S. livestock. The Plan includes standards for: (1) a national premises numbering system; (2) individual and group/lot animal numbering systems; and (3) performance standards for ID devices. It sets up a recommended three-phase path to improving identification in the pork industry. Just as important, the USAIP recognizes the significant species differences and recommends the formation of species-specific working groups to design and refine their individual identification plans. It also proposes joint industry/government governance mechanisms for the national system.

The USAIP is not "THE PLAN"—and it does not have ALL of the answers—there are still many outstanding questions to be answered. However, the USAIP establishes a framework and working document that we believe needs to be the foundation for establishing a national system. We in the pork industry are not prepared to go back to the drawing board after almost three years of work and a sixteen-year track record of helping our producers implement a current rule that works and that producers have integrated into their production.

If I might, I would like to outline how the pork industry views further enhancements to the current mandatory swine identification system based on the current USAIP. We believe that further enhancements are dependent upon available resources and funding—by this I mean both federal and industry funding and resources. We have laid out three distinct phases and included a targeted timeline that we had hoped to achieve.



Adapted from: Draft United States Animal Identification Plan—Discussion Document; Developed by: National Animal Identification Task Force; Coordinated by: National Institute for Animal Agriculture, August 2003

In Phase I: All swine operations and holding facilities would be identified with a unique national identification premises number. Once established, this number would be applied to all replacement breeding animals by means of visual tags. In addition, this premises number could be coded on the transport papers of all market pigs thereby identifying them to their last location—not the owner's mailbox. Once Phase I was implemented nationwide, the U.S. pork industry will have met the 48 hour traceback goal contained in the USAIP, therefore we believe it would be wise to initiate implementation test projects as soon as practicable.

In Phase II: Producers would be required to record all group/lot movements--using their own group/lot IDs--and keep those records for a period of three years. Since they are already established, adoption of group/lot ID standards would be encouraged in preparation of reporting movements to a central repository in the future. However, until confidentiality, security, and added value for producers are addressed, the system described in Phase I is superior to submitting group/lot IDs to the market. I say this because USDA would not have to access a database to identify the premises number of the pigs.

Finally in Phase III: There would be electronic reporting of individual and group/lot ID—to a cognizant authority—be it USDA or a designated or certified third party or organization all interstate and intrastate movements.

Phase III raises many questions in pork producers minds. As mentioned earlier, they are concerned that that the issues of confidentiality and security of their data will be protected and respected and that they will see some added value here.

As I stated earlier the USAIP identifies a number of issues that must be addressed. I would like to highlight five. (1) Will this system be mandatory or voluntary?; (2) How will the confidentiality and security of a producer's data be

protected?; (3) Why is it important for species groups to develop species-specific plans recognizing that there are species and movement differences?; (4) How do you allow for technology flexibility, new devices, methodologies and technologies?; and finally (5) Funding—Who pays for what?

I would like to discuss these issues in a minute. But first, I should note that the pork industry believes that some of these issues can and should be addressed by the species-specific working groups already in place. Some of these issues will require either USDA action or Congressional action. We do have a Pork Industry Working Group working through a number of issues such as cost, definitions, devices/technology/methods, implementation planning, and finally communication. This Group is made up of pork producers, USDA officials, state and private practice veterinarians, academics, pork production and management companies, breeding stock companies, breed associations, livestock market, as well as food companies.

The first issue is the issue of a **Mandatory vs. Voluntary** system. Ours has been mandatory since 1988. Other species groups such as sheep and cervids also have mandatory ID for disease control programs. From a disease management perspective, we believe the system must be a mandatory program otherwise the ability to effectively manage diseases will be hampered if not all species, producers and other stakeholders are participating in a national animal ID system.

The second issue is the issue of **Confidentiality/Security**. The issue of confidentiality has not been effectively addressed to date by either the USAIP process or USDA. It is imperative that any animal identification regulation developed by USDA include protections from public access to a producer's vital economic/trade information. NPPC believes that there is the potential for serious wrongdoing when the following critical pieces of information about a producers operation are aggregated and made public: (1) the address of the production facility/facilities; (2) the number of animals; (3) the time and date that the animals were/are at that site; and (4) and real-time animal movement information. Our competitors and the "bad guys" should not have free access to this information. If you stop to think about what the President has said and done about agriculture being part of the nation's critical infrastructure, we believe that it makes sense that USDA, our partner in fighting animal disease in this country, provide us with the protections necessary when handling this sensitive economic data. NPPC believes that the Committee should thoughtfully consider the President's recently signed Homeland Security Presidential Directive—HSPD 9 and consider how it interacts with the Secretary's desire to protect the agriculture and food system from major disease outbreaks. Release of the data pork producers are being asked to provide could provide a road map to "diminish the overall economic security of the United States."

Until confidentiality and security are addressed producers are unwilling to report data to a national database. An effective and protected system must be operational before producers are asked to take the time to report animal movement data.

The third issue relates to **species-specific implementation plans**. There are vast differences between species including the diseases of concern, production practices, record keeping, animal movements, and animal value. For example, the cattle industry has embraced electronic ID eartags (RFID tags) as the identification device of choice for their species. The value of a single bovine coupled with the frequent commingling of animals from different owners make RFID a logical choice for their species. However, a $2.00 RFID tag is much less of an issue in an animal valued at $1200 versus a $90 animal. From another perspective, if cost of identification is based on breeding females, a cow has one calf per year and therefore the cost per cow is $2.00 per year. On the other hand, a sow will have 22-24 offspring per year and pork producers would have $44-$48 per breeding female per year in identification expenses. Group/lot ID is an effective identification system for swine due to production practices but not commonly applicable to bovine. In addition, many species (equine, llamas, etc.) don't tolerate eartags. It is important that all species are allowed to develop an effective yet affordable ID system. Finally, in 2001 a study conducted by Disney, Green, Forsythe, Weimers, and Weber and published in the Review of Scientific Technologies, Offici. Int. Epiz (2001) 20 (2),385-405., concluded much the same thing. Though individual animal identification is an important consideration, economic analysis indicates that the cost-benefit equation varies greatly. For cattle in situations similar to those in the U.S. results showed that improved levels of animal identification may provide sufficient economic benefits—in terms of the consequences of a foreign animal disease—to justify improvements. The study did not draw similar conclusions for swine—the economic benefits were not sufficient to justify system improvements.

The fourth issue is related **Technology Flexibility**. Any system while allowing for species differences must also allow for technology flexibility. New devices, methodologies and technologies emerge every day. In addition, the cost of a certain technology becomes less over time. I am sure that the Committee has seen many technologies over the past several months. USDA must establish a national data platform for animal health management purposes and have the marketplace meet those standards. This not only encourages innovation and competition it also drives down the cost to pork producers.

The fifth and final issue is the issue of **funding**. Who pays for what? We believe that developing a National Premises Identification System is the basis for any national animal identification system and it is a federal responsibility. Further, we

believe that USDA needs to develop the information system to allow animal movement data to be captured, stored and accessed when needed, whatever the data may be for animal health management purposes is also federal responsibility.

The cost to fully implement the USAIP has been estimated at $121 million per year. Although considered a priority, by the Department, they have requested only $33 Million from Congress in FY 2005. Obviously, as species working groups develop their species-specific identification implementation plans, the funding requirements will become clearer and so will the reality of what industry is capable of funding. The pork industry is just emerging from five years of low pork prices. Should producers have to incur additional expenses for an additional public good? We do know that an enhanced mandatory national swine identification plan will likely be quite different without federal funding than with federal funding. We continue to believe that most Americans now more than ever understand how important animal health is to protecting the food security and safety in this country and are willing to support the development of an affordable, accurate and sustainable mandatory national animal identification system.

Mr. Chairman and Members of the Committee, we should reflect on what not having a national mandatory animal identification system has cost us in the livestock industry. We have all paid in public perception—we have paid in the media—we have paid with our international trading partners. Yes, while a mandatory national animal identification system would protect the $100 B livestock industry in this country, it also protects and secures the nation's food animal supply and a huge section of the nation's economy. This is both a private and a public good. America's pork producers take this responsibility very seriously.

In conclusion, Mr. Chairman and Members of the Committee, I have outlined the many reasons why the National Pork Producers Council supports a national mandatory animal identification system. I have detailed today's pork industry's mandatory market swine identification system and ideas for enhancing the effectiveness of the system. We believe that careful and thoughtful consideration of the national animal ID efforts are currently underway such as the USAIP and that these efforts will lead to better public policy decision-making, provide producers reliable and accurate animal health monitoring, surveillance, eradication and ultimately provide credible food safety assurances for U.S. consumers. We believe that the development of an affordable, accurate and sustainable mandatory national animal identification system that does not place onerous and undue costs on pork producers will enhance the long-term health and growth of the U.S. pork industry.

Thank you Mr. Chairman and Members of the Committee for your time and attention. I would be pleased to answer questions at the appropriate time.